

ILLINOIS STATE
FEDERATION OF LABOR
AND
CONGRESS OF INDUSTRIAL
ORGANIZATIONS

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February 4, 2003

Kevin Wright Illinois Commerce Commission 527 E. Capitol Avenue Springfield, IL 62701

Dear Kevin,

As the representative of 1 million members throughout Illinois, I am very concerned over an announcement made by MCI WorldCom. Recently many telecommunications members suffered the loss of their jobs. On behalf of all these members and their families, I ask for your support.

As a result of its bankruptcy, MCI WorldCom announced the launch of an overly aggressive marketing campaign aimed at generating a total of 3.5 million new customers during the first quarter of 2003. If achieved, telecom industry experts say this would be unprecedented and could force MCI WorldCom's sales team to resort to hard line sales tactics. MCI WorldCom has already been fined more than \$12 million for slamming and deceptive marketing practices throughout the country, and has had numerous regulatory orders entered against it related to those practices. An emergency cease and desist order was issued last summer by the Illinois Commerce Commission, after which the number of complaints by consumers in Illinois actually increased. Since MCI WorldCom has a history of willingly breaking the rules when it comes to marketing, there is every reason to fear that it will continue to do so now as it strives to meet these unprecedented sales goals. MCI WorldCom cannot achieve its sales goals without stealing clients from other companies.

Illinois consumers deserve protection. Wisconsin's Governor Doyle announced that he is referring an investigation of MCI WorldCom to the Wisconsin Attorney General. The Illinois Commerce Commission and the Illinois Attorney General should issue a consumer advisory to protect consumers against this type of illegal behavior – particularly senior citizens who are most vulnerable to deceptive practices. In addition, the Illinois Commerce Commission should call MCI WorldCom to appear at a special open meeting to explain how it will meet its sales objectives while complying with the law.

I ask for your help with this issue as it is of vital importance to all Illinois workers.

Sincerely,

Margaret Blackshere

President

MRB/rw

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FROM : STATE REP. MIKE BOST

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January 24, 2003

The Honorable Tom Cross
Illinois House of Representatives
316 Capitol
Springfield, IL 62706

Dear Representative Cross:

I am writing to bring to your attention a possible threat to your constituents --

As you know, MCI WorldCom is currently in bankruptcy and seeking to reorganize its business. On January 14, 2003, it announced an aggressive campaign to generate one million new Neighborhood Plan local customers and 2.5 million new consumer long distance sales over the next 100 days. (A copy of the press release is attached.) If it achieves this objective, that would represent an unprecedented sales accomplishment in this industry. While aggressive marketing is not inherently bad for consumers, unrealistic sales goals contrived to aid MCI WorldCom's Chapter 11 reorganization efforts are.

MCI WorldCom's announcement is even more disturbing in light of its history of "slamming" and deceptive marketing practices. As you know, slamming is the unauthorized change of a customer's telecom provider. As a result of the large number of slamming and deceptive marketing practice complaints directed at MCI WorldCom by our customers²³, and MCI WorldCom's refusal to take corrective action, SBC Illinois was forced to seek relief from the Illinois Commerce Commission. Last summer, the Commission issued an order directing MCI WorldCom to cease its deceptive and misleading marketing practices. However, the number of complaints actually increased in the first two months after the ICC issued its order. Consequently, we are back at the Commission seeking enforcement of the order. The schedule set by the Commission does not call for any action until close to the end of the 100-day period during which MCI WorldCom plans to aggressively market its services.

Even the Commission's own data shows the increase in MCI WorldCom complaints. In its 2001 Annual Report (issued in 2002), justified complaints against MCI WorldCom rose to 774 percent of 2000 levels.

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However, MCI WorldCom's anti-consumer practices are not limited to illinois. Over the past couple of years, it has paid millions in fines and has settled numerous other claims in other states related to its marketing.

In light of these facts, we anticipate that consumer complaints about MCI WorldCom will increase dramatically during the next 100 days as a direct result of this new sales campaign. It is imperative that state policy makers act preemptively to ensure that Illinois consumers do not fall victim to the types of illegal and inappropriate marketing practices in which MCI WorldCom has repeatedly engaged in Illinois and throughout the country. It is also crucial that Illinois consumers are made aware of the MCI WorldCom plan and the types of marketing practices in which MCI WorldCom has engaged in order to ensure that they do not fall victim, as have so many other consumers nationwide:

We are mindful of the many issues you are currently grappling with as members of the General Assembly. However, no issue can be more important than protecting consumers from unscrupulous companies. While we have asked the Illinois Commerce Commission to audit MCI WorldCom's marketing practices, it has yet to agree to do so. I ask that if you hear of constituent complaints relating to MCI WorldCom's marketing practices or slamming, you notify the Illinois Commerce Commission, the Citizens Utility Board (CUB) and the Attorney General. I would also appreciate if you would contact our office if you receive any constituent complaints. In addition, you may want to conduct a public awareness campaign to educate your constituents about their rights as telecom consumers.

SBC strongly supports competition in telecommunications services. However, the goal of increased competition is frustrated when companies engage in the type of conduct in which MCI WorldCom has engaged.

I would be happy to discuss this matter with you or provide you any additional information you may deem necessary. Thank you for your time and consideration of this very important issue facing illinois consumers.

Very truly yours,

Carrie J. Hightman

President SBC Illinois